

Labour Market Notes

Biggest monthly job loss on record

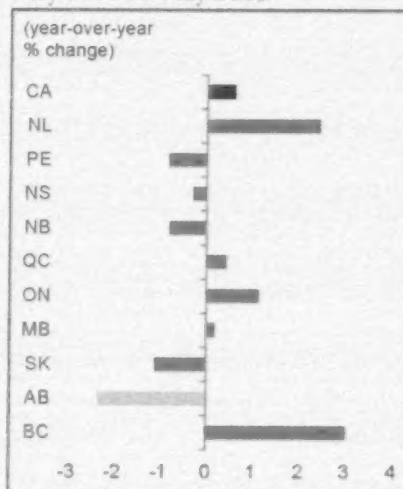
Alberta

- Another large monthly decline. Alberta employment fell by 24,100 in May, the biggest monthly drop on record. Year-to-date, Alberta has lost 34,600 jobs.
- Private sector prime source of weakness. The private sector cut 40,500 jobs. Self-employment added (+8,500) and the public sector (+7,900) provided some offset. All of the job lost were full-time (-40,100), but part-time positions providing limited offset (+16,100).
- Goods industries hard hit since start of year. Five months into 2016, on a year-to-date (YTD) basis the hardest hit industries in terms of employment include Agriculture (-23%), Manufacturing (-16%), Forestry, Fishing, Mining, Oil and Gas (-12%), and Accommodations and Food Services (-11%). Some industries have bucked the trend and posted YTD employment growth including Educational Services (10.6%), Info Culture and Recreation (9.3%) and Trade (6.2%). YTD, service sector employment remained up by 1.7%, while goods sector employment was down 9%.
- Unemployment rate jumps up. Alberta's unemployment rate ticked up 0.6 percentage points to 7.8 per cent in May, nearly a full percentage point above the national average. A declining labour force participation rate helped dampen the impact of the employment cuts on the unemployment rate.
- Employment remains weaker than a year ago. Employment fell by 2.3% y/y in May, equivalent to 53,800 fewer jobs than a year ago.
- Despite higher unemployment, earnings increase. Average Weekly Earnings (AWE) was up 0.5% from the previous month to \$1,129 in March. On a year-over-year basis, earnings were down 2.2%, the tenth straight month of lower earnings compared with the prior year. Service sector earnings weakened (-1.2% y/y) while goods sector earnings were unchanged. Employment declines in the high-pay mining, quarrying, oil and gas extraction industry continue to weigh on earnings.

Canada

- Most provinces add jobs. Employment increased by 13,800 in May. Alberta led the provinces in losses, followed by British Columbia (-8,400) and Nova Scotia (-3,000). Year-over-year, Canadian employment was up 0.6% y/y, or 108,500.
- Unemployment rate ticks down. The Canadian unemployment rate fell 0.2 percentage points to 6.9% in May.
- Canadian earnings up from February. Canadian average weekly earnings (AWE) were up 0.5% from the previous month to \$960 in March. Most provinces posted gains in AWE, with the only exception being Saskatchewan. Year-over-year, Canadian earnings were up 0.7%.

Employment Growth by Province,
May 2016 vs. May 2015



Source: Statistics Canada

Alberta Labour Market Indicators

Indicator	Latest*
Employment	2,251,500
month-over-month change	-24,100
year-over-year % change	-2.3%
Alberta Unemployment Rate (UR)	7.8%
Edmonton UR*	7.4%
Calgary UR**	8.4%
Participation Rate	73.9%
Average Weekly Earnings (AWE)	\$1,129.08
year-over-year % change	-2.2%
Average Hourly Wage	\$29.60
year-over-year % change	+1.2%
Job Vacancy Rate***	1.3%

Source: Statistics Canada

* All data is from the May 2016 Labour Force Survey, except AWE which is the March 2016 Survey of Employment, Payrolls and Hours, and the Job Vacancy Rate is for February 2016.

** This indicator is calculated as a three-month moving average and is seasonally adjusted.

*** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

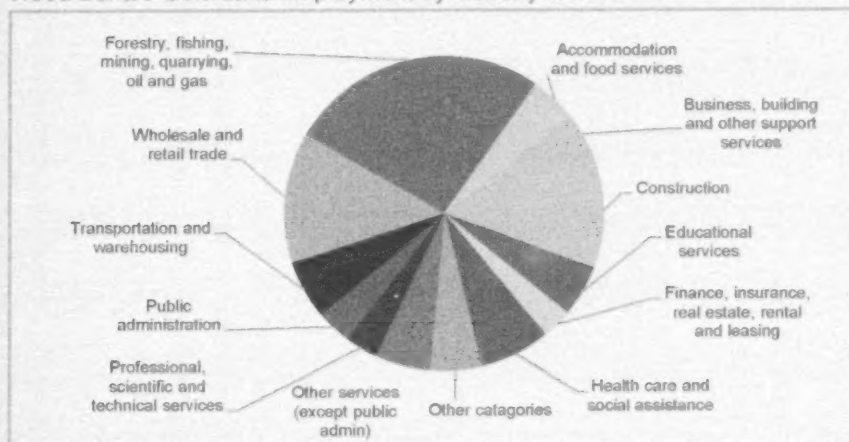
A snapshot of Wood Buffalo-Cold Lake's labour market

The Wood Buffalo-Cold Lake region has been hard hit by the oil price shock, and more recently by the outbreak of massive wildfires. Cuts to energy sector investment and employment have taken a large toll on the region's labour market. This Labour InSight looks at Wood Buffalo-Cold Lake's labour market prior to the wildfires.

Wood Buffalo-Cold Lake labour market overview

The Wood Buffalo-Cold Lake region, with a total population of 118,300 and Fort McMurray as its main city, is at the heart of Alberta's oil sands mining projects. Natural resource industries accounted for nearly 25% of the region's labour force

Chart 1: Natural resources make up nearly a quarter of total employment
Wood Buffalo-Cold Lake Employment by industry in 2015



Source: Statistics Canada

Chart 2: Wood Buffalo-Cold Lake labour market has been struggling
Employment, unemployment and labour force participation rates



Source: Statistics Canada

in 2015 while the construction sector made up 10% of jobs (Chart 1).

Weaker employment climate

However, the oil price shock has led to sizable job cuts. Employment in Wood Buffalo-Cold Lake has fallen for the past seven months, from an average of 85,300 in 2015, to 81,200 by May 2016. Full-time workers have borne the brunt of the downturn with full-time employment down 6.8% y/y. Many of the losses have been in construction (-2,500 y/y) and business services (-1,200 y/y), though other sectors have also been negatively affected. Part-time employment gains have only provided limited offset. Job losses have pushed the unemployment rate to 9.5% - more than double the rate in July 2014.

Fewer people actively looking for work has lowered the participation rate for Wood Buffalo-Cold Lake by nearly 4 percentage points to 75.8%, its lowest level since November 2006 - though still well above the provincial (72.3%) and national averages (65.7%). Lower participation has partially offset a rising unemployment rate (Chart 2).

Job losses have driven up the number of regular Employment Insurance beneficiaries. By March 2016, there were 1,840 individuals receiving regular income benefits, more than double the number in mid-2014.

Wildfires interrupt the LFS

Because of the wildfires and mandatory evacuations, Statistics Canada was forced to curtail the Labour Force Survey for the municipality of Fort McMurray. The survey resumed this month with special consideration paid to the disruptive impact of the wildfire on the region's labour market specifically, and for Alberta's employment more generally.

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Have a question or idea for Labour InSight? Send us an [email](#).